

STANDARD PROCEDURE		PAGE: 1 OF 3	
ISSUED BY: LEGAL			
EFFECTIVE DATE: 9/2/97			
PROCEDURE # 4.9			
SUBJECT: SETTLEMENT OF TAX DISPUTES IN LEGAL CONTROL			
DISTRIBUTION A,B,C		CONTACT: Attorney Manager- Legal Services Division	
CODE:			
		Station:	#80
		Phone:	564-3112

I. POLICY

It is the policy of the Kentucky Revenue Cabinet (KRC) to settle any outstanding tax dispute if it is in the best interest of the KRC. Pursuant to the KRC's authority to resolve tax matters, the Division of Legal Services proposes the settlement of tax matters where appropriate.

II. THE LAW

Pursuant to KRS 131.020(2) and KRS 131.030(3), the KRC is encouraged and authorized to settle tax controversies on a fair and equitable basis, considering the hazards of litigation.

III. PROCEDURE

A. Discussions to Resolve Dispute

When an attorney decides that it is in the best interest of the KRC to resolve a pending tax dispute, that attorney initially discusses the matter informally with the attorney manager and any other employees working on the dispute, including individuals employed in the Division of Protest Resolution and the Division of Tax Policy. If necessary, the attorney may schedule a meeting of key personnel to discuss the dispute and to reach a consensus concerning the resolution of the dispute.

B. [Settlement Transmittal Form](#)

In all instances, including an offer of settlement submitted by a taxpayer or an offer that has been tentatively negotiated between the taxpayer and an attorney for the Division, the responsible attorney prepares and circulates a settlement transmittal form to the appropriate persons for review and approval/disapproval. All settlement proposals are reviewed by:

1. Director of Legal Services or Attorney Manager;
2. Director of Tax Policy;
3. Director of Protest Resolution (if the matter arose from a protest);
4. Commissioner, Department of Law; and
5. Commissioner of the Department of Property Valuation (if the case involves property tax).

Note: When designated by the Commissioner of Law, the Secretary of Revenue also reviews settlement proposals in certain significant cases.

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The responsible attorney attaches to that form a memorandum setting forth the facts that caused the dispute, the terms of the offer, and a recommendation. If applicable, the attorney attaches copies of any relevant information that would help the Settlement Transmittal Reviewers in their analysis of the offer. That relevant information could include financial disclosure forms, lower court/board decisions involving the dispute or other court/board decisions involving other taxpayers that address the issue in dispute, and a copy of any communication setting forth the offer submitted to the attorney by the taxpayer.

C. Offer Acceptance or Rejection

The attorney will accept or reject the offer of settlement when the [Settlement Transmittal Form](#) is returned to the attorney fully executed by all persons required to review the offer. If the offer is approved, the attorney promptly advises the taxpayer of the decision and acts accordingly to resolve the dispute and close the case file for that taxpayer.

D. Distribution of Agreement

When the matter is resolved, the Division of Legal services provides copies of the settlement agreement and dismissal order to those KRC personnel who are to carry out the settlement and those personnel who need to be aware of the settlement's terms. The settlement agreement is also placed in the taxpayer's historical file. The closed Division of Legal Services file includes the originally executed Settlement Transmittal Form, the settlement agreement, and the order of dismissal from the appropriate court or board.

III. ATTACHMENT

Attached is a copy of the KRC [Settlement Transmittal Form](#) that is now a part of this standard procedure. Any revision to the Settlement Transmittal Form is a revision to this standard procedure.

Please see below for additional electronic copies.

NO STANDARD PROCEDURE MAY BE REVISED BY ADDENDUM, MEMORANDUM OR ANY OTHER MEANS OTHER THAN THOSE SET OUT IN STANDARD PROCEDURE # 1.1 ENTITLED " CREATION, REVISION AND RESCISSION OF KRC POLICIES AND PROCEDURES"

DISTRIBUTION CODES:

A. Senior Management	B. Division Directors	C. Branch Managers/Supervisors
D. Cabinet Personnel	E. Division Personnel	F. Branch Personnel

SETTLEMENT TRANSMITTAL FORM

Case Name:

Tribunal where action is pending and action number:

Present status:

☐ Pre-hearing at the Kentucky Board of Tax Appeals

☐ Under submission at the Kentucky Board of Tax Appeals

☐ **Other:**

Total of contested amounts:

Important issues raised:

Reasons for recommending a compromise:

Reasons for recommending and terms of proposed settlement:

Accordingly, the attorney handling this action hereby recommends this case be settled on the following terms and conditions:

APPROVED:

Attorney, Legal Services (Date)
Division

Commissioner, Dept. of (Date)
Property Taxation

Attorney Manager, Legal (Date)
Services Division

Commissioner, (Date)
Department of Law

Director, Division of (Date)
Tax Policy